

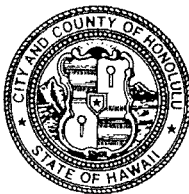
DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

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2010 MAR 30 A 8:58

CITY COUNCIL
HONOLULU, HAWAII

MUFI HANNEMANN
MAYOR



RIX MAURER III
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

The Honorable Nestor R. Garcia, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Garcia and Councilmembers:

Subject: Budget Communication No. 3
Annual Budget Review FY 2011
Procedures for Departmental Briefings

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CITY CLERK
C & C OF HONOLULU
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Attached is the presentation in response to the questions posed in the Administrative Overview of Budget Communication No. 3. As you are aware, the Administration's response was delayed as there was deliberation over the phrasing of Question 3 which asked for debt service projections "assuming that the net debt issuance per year remains constant at the FY 16 level for FY 17 through FY 21."

The question as posed overlooks the impact of the projected debt service related to the high capacity rail project as well as known debt retirements for FY 2017 through FY 2021. We felt that including debt issuance, retirements, and debt service related to the high capacity rail project along with revising debt retirements to reflect known amounts would provide better projections and a better response. Please note that the high capacity rail project numbers were provided by the Department of Transportation Services and are reflected in the current environmental impact statement.

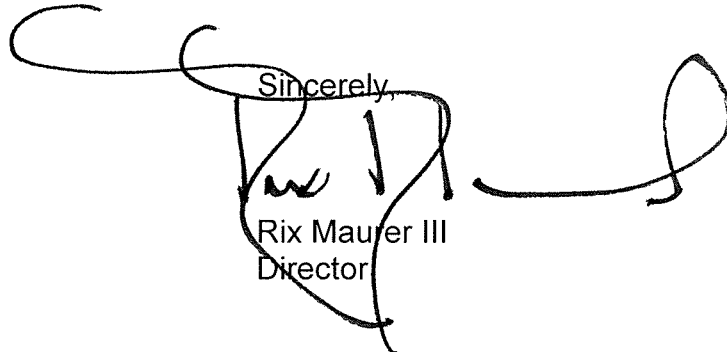
Therefore, we answered Question 3 in three separate ways:

- Pages 4 & 5 show the results with debt issuance remaining constant at FY 2016 levels and debt retirements at known levels.
- Pages 6 & 7 show the results including the latest rail transit debt issuance and retirements as provided by the Department of Transportation Services.

- Pages 8 & 9 provide the same information as above, but separate the rail transit information from other, non-rail transit debt issuances and retirements.

We believe that this is an appropriate response to the spirit and intent of the question.


Please do not hesitate to contact me at 768-3901 should you have any questions.

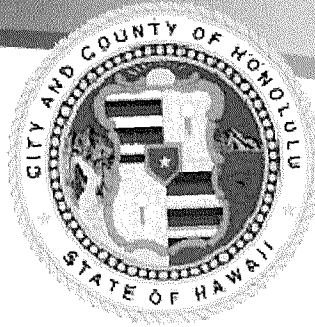
Sincerely,

Rix Maurer III
Director

RM/rm

Attachment

APPROVED:


Kirk W. Caldwell
Managing Director



City and County of Honolulu Fiscal Year 2011 Budget Communication #3

Rix Maurer, Director
Department of Budget and Fiscal Services
March 12, 2010

The Mayor's Executive Program and Budget Policies and Priorities

The FY 2011 Budget was guided by three main documents: operating budget, capital budget, and revenue budget instructions.

- The three budget instructions are attached.

New G.O. Bond Issuances, Retirements and Net Debt Issuance Projections

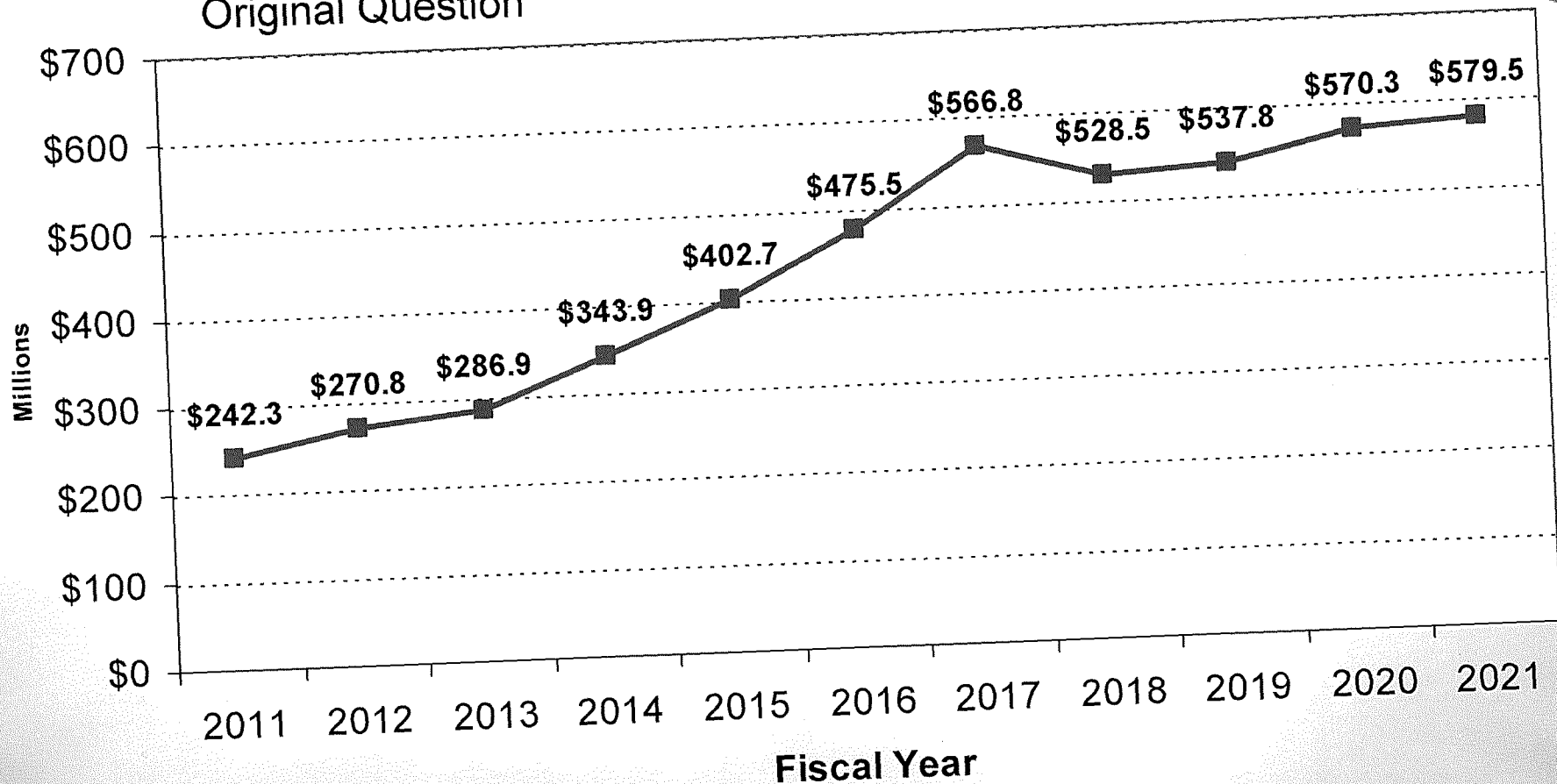
(In thousands)

Fiscal Year	Issuance	Bond Retirement	Net Additional Debt
2011	360,810	109,087	251,723
2012	200,000	127,980	72,020
2013	547,000	133,244	413,756
2014	731,000	165,192	565,808
2015	569,000	198,399	370,601
2016	301,000	257,225	43,775

G.O. Bond Debt Service Projections

(In millions)

Original Question

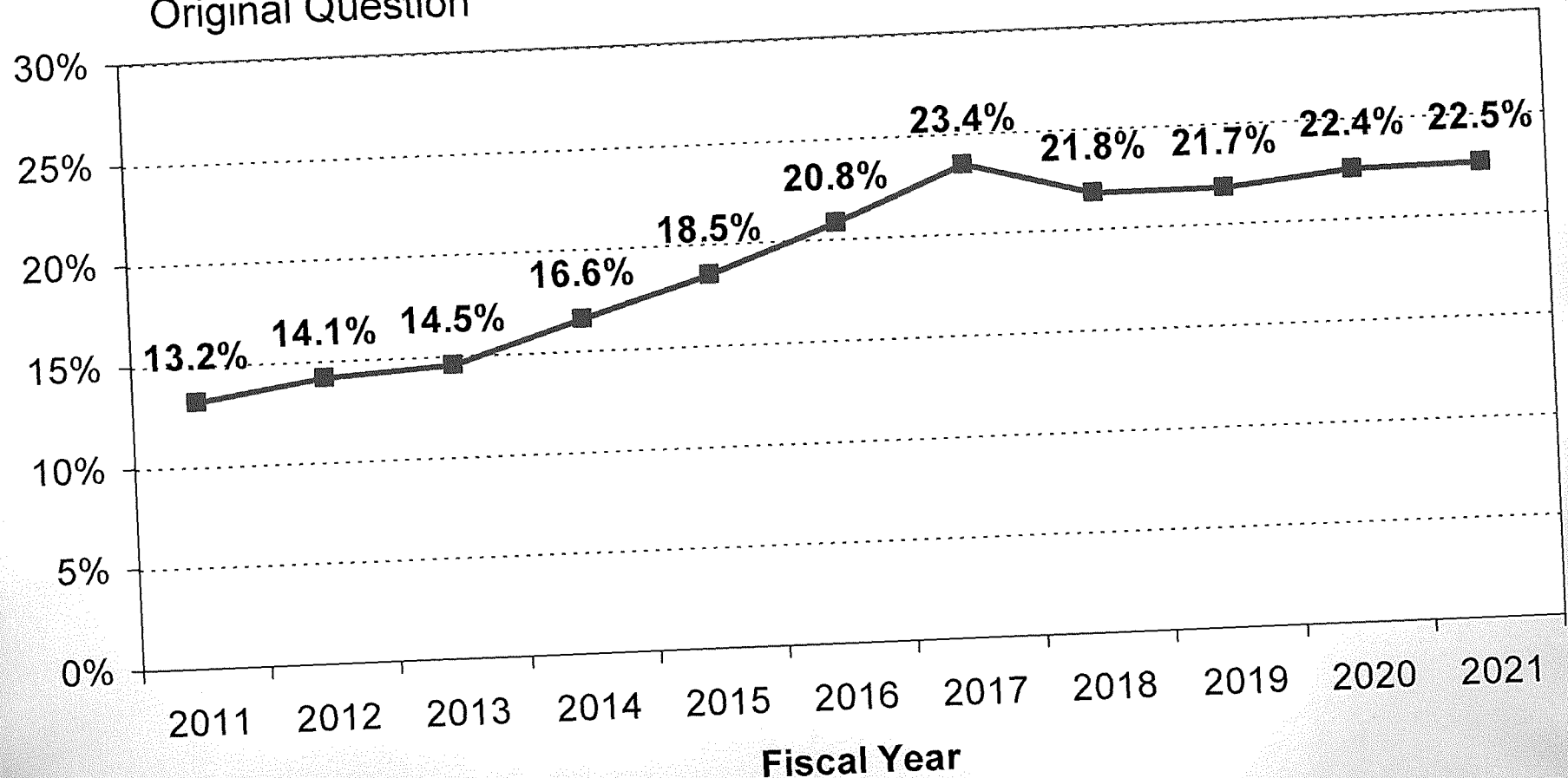


Assuming annual G.O. bond issue projection provided in Question 2.

Budget Communication #3, Question 3

G.O. Bond Debt Service as a Percentage of the Operating Budget Projections

Original Question

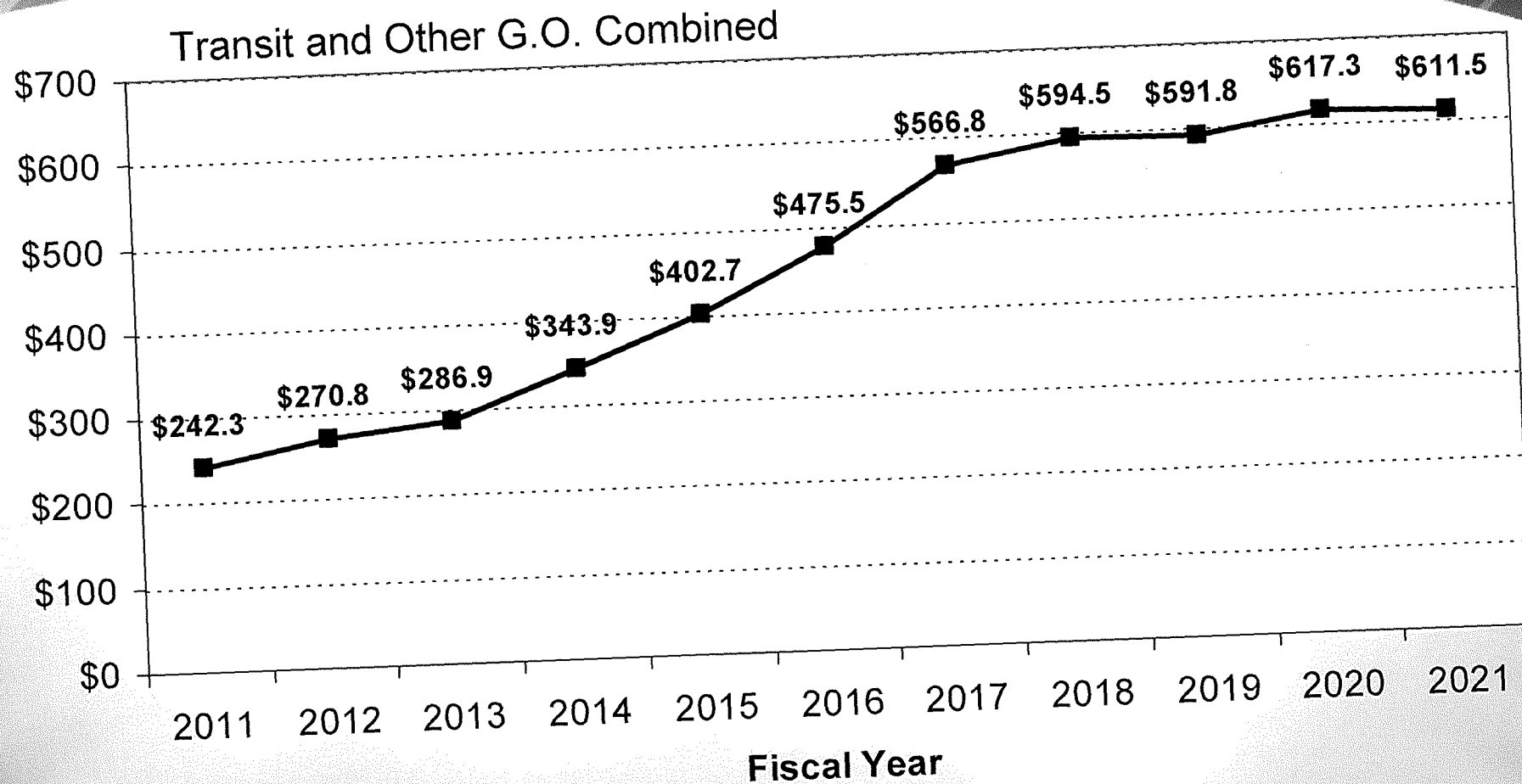


Assuming annual G.O. bond issue projection provided in Question 2.

Budget Communication #3, Question 3

G.O. Bond Debt Service Projections

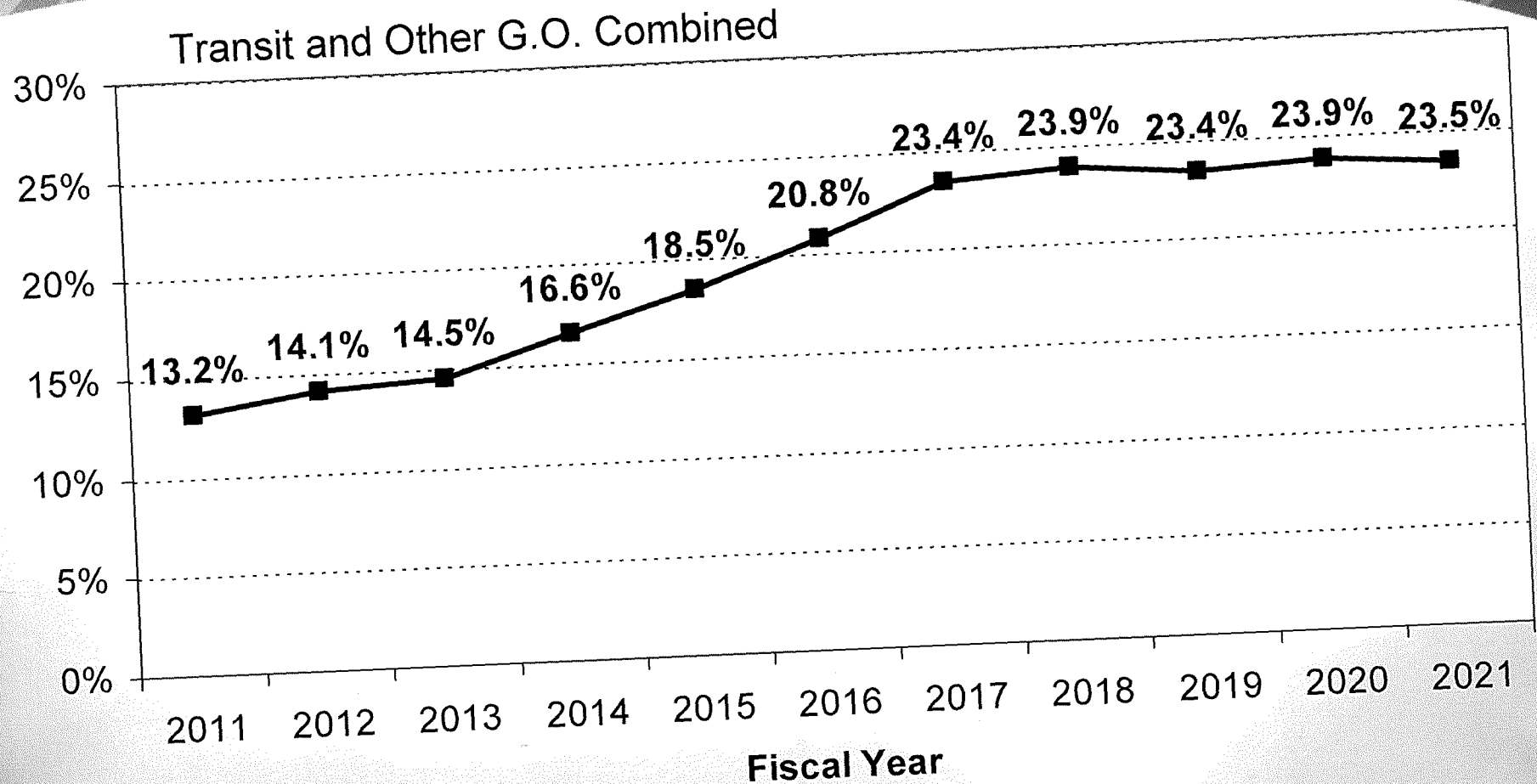
(In millions)



Question 2 projection amended to reflect transit debt to be issued.

Budget Communication #3, Question 3

G.O. Bond Debt Service as a Percentage of the Operating Budget Projections

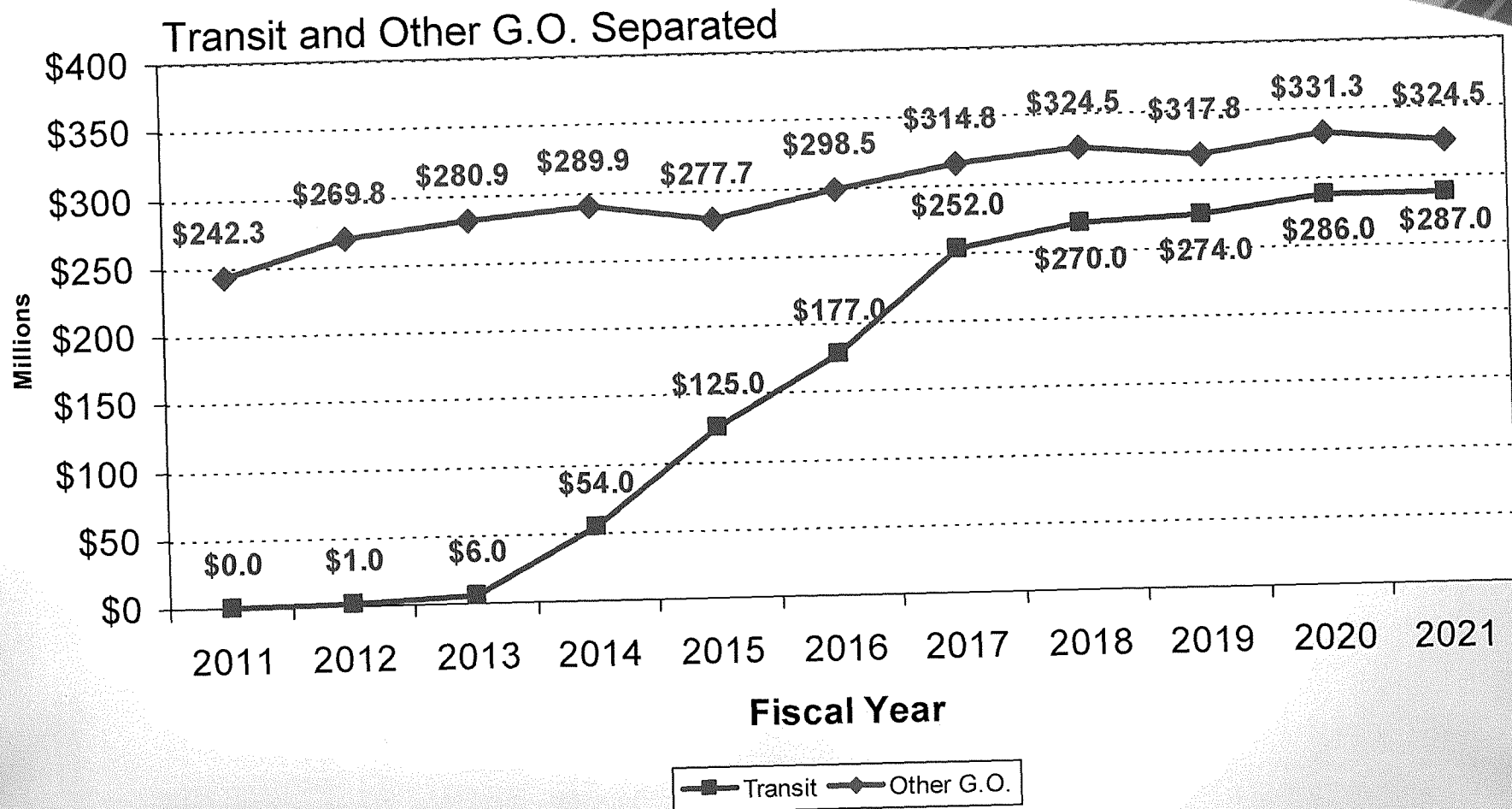


Question 2 projection amended to reflect transit debt to be issued.

Budget Communication #3, Question 3

G.O. Bond Debt Service Projections

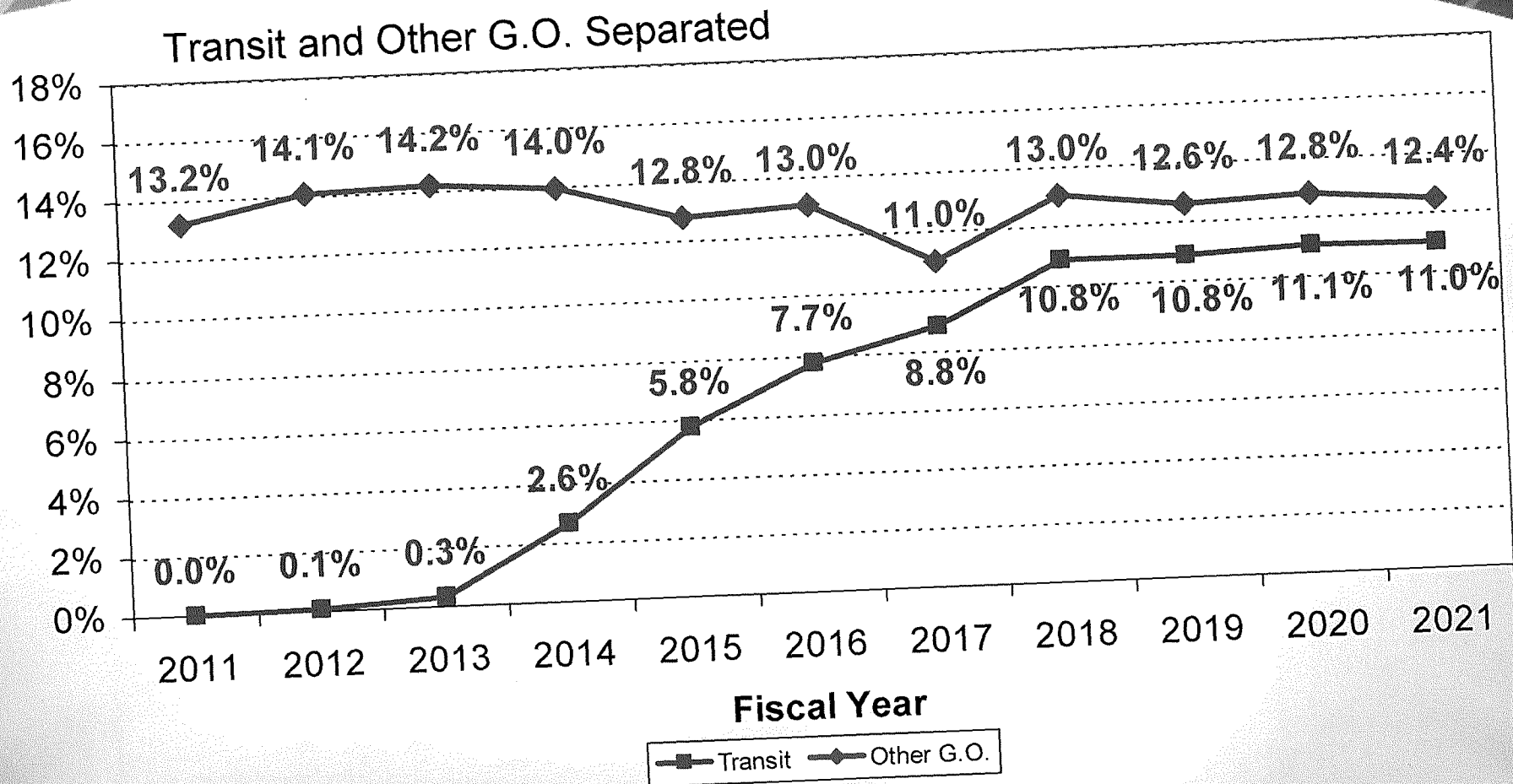
(In millions)



Question 2 projection amended to reflect transit debt to be issued.

Budget Communication #3, Question 3

G.O. Bond Debt Service as a Percentage of the Operating Budget Projections

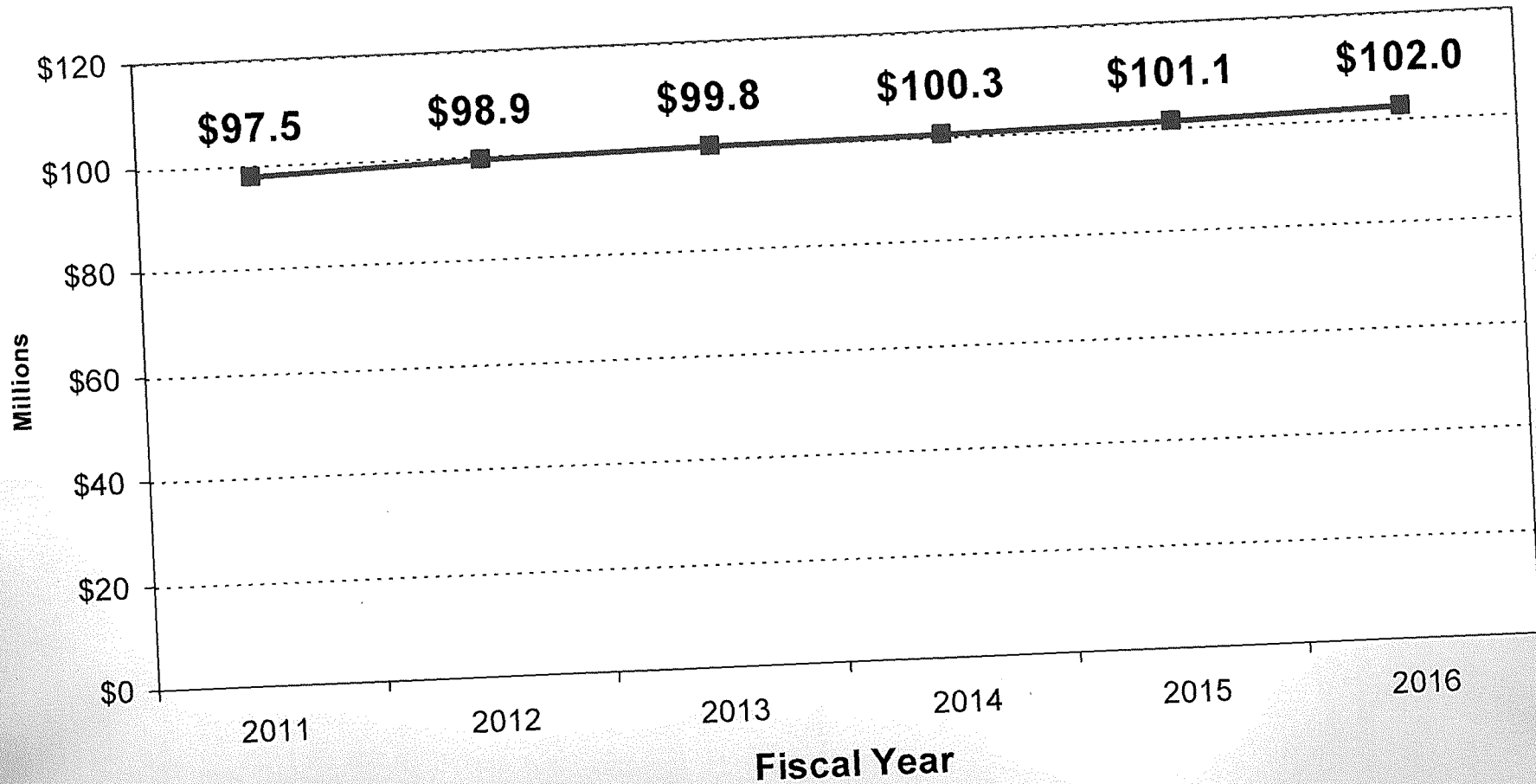


Question 2 projection amended to reflect transit debt to be issued.

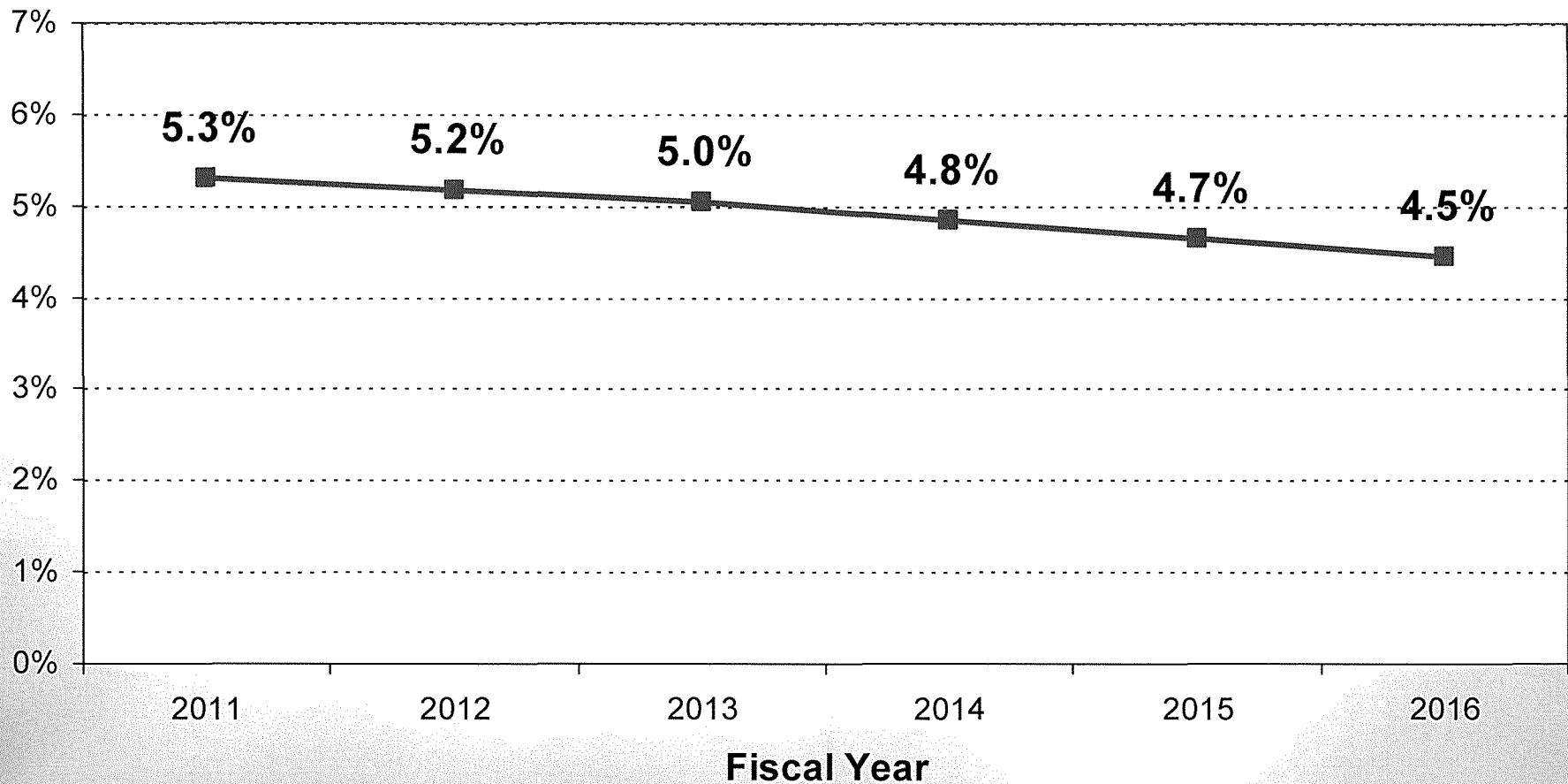
Budget Communication #3, Question 3

Projected City Contribution to the Employees' Retirement System

(In millions)

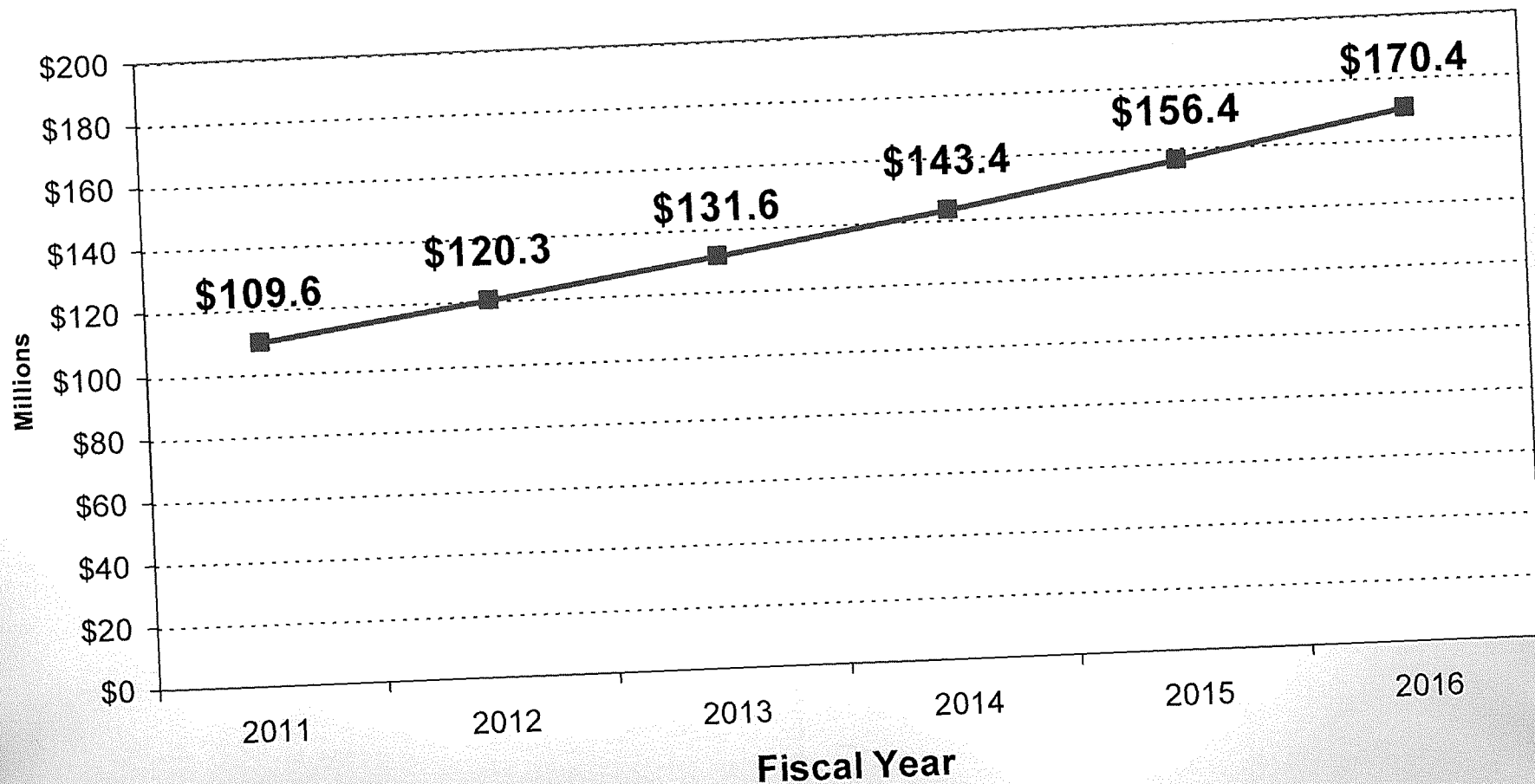


Employees' Retirement System as a Percentage of the Operating Budget

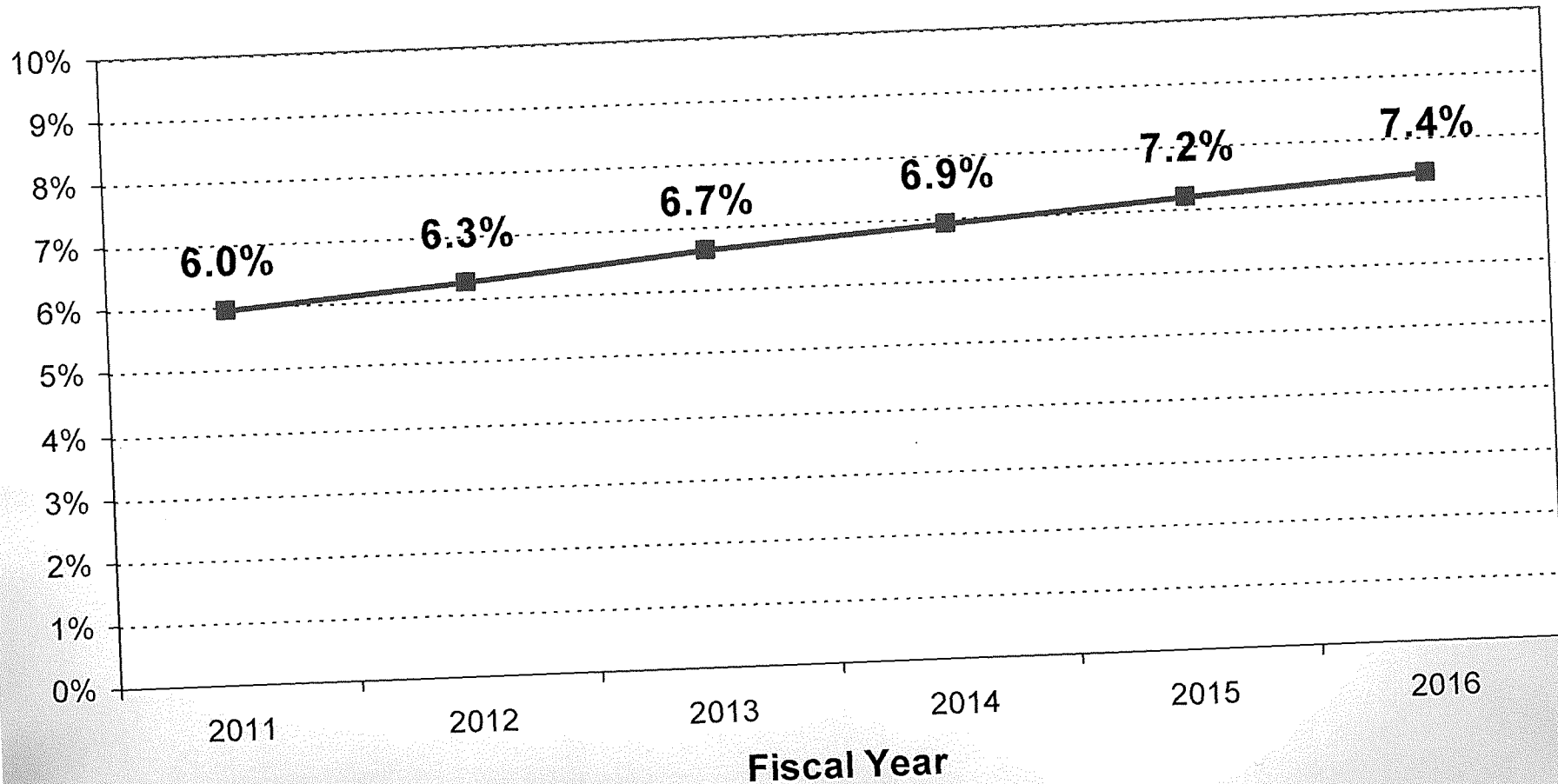


Projected City Contribution to the Hawaii Employer-Union Health Benefits Trust

(In millions)



Hawaii Employer-Union Health Benefits Trust as a Percentage of the Operating Budget



City's Outstanding Debt

As of December 31, 2009

Gross Outstanding Debt	\$	4,071,535,356
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Less Exclusions:

G. O. for Sewer Projects	6,442,961
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State Loans Payable	173,900,029
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Wastewater Revenue Bonds	1,298,240,000
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Water Supply Revenue Bonds	301,395,000
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G. O. for Solid Waste Projects	133,209,664
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G. O. for H-POWER Projects	181,485,000
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G. O. for Housing Projects	74,163,907
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Total Exclusions	<u>2,168,836,561</u>
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Net Outstanding Debt	<u>\$</u>	<u>1,902,698,795</u>
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City's Current Authorized, but Unissued Debt

As of December 31, 2009

General Obligation Bonds
Sewer Improvement Revenue Bonds
Total Authorized, Unissued

\$ 1,606,476,775

632,303,718

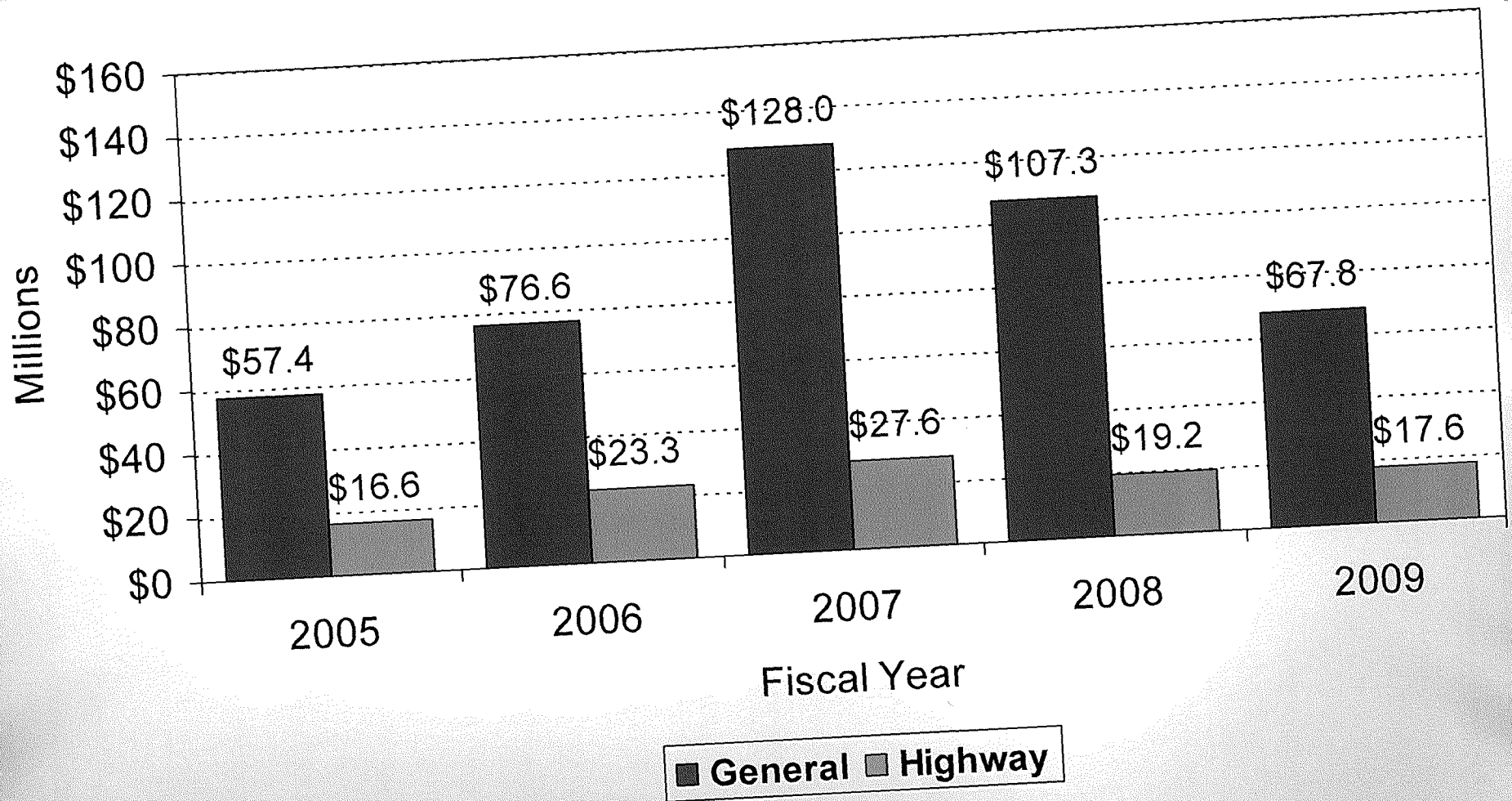
\$ 2,238,780,493

Bond Issuances and/or Restructuring Proposed for Fiscal Year 2011

	Sewer Revenue	State Revolving Fund	General Obligation	General Obligation H-POWER	Tax Exempt Commercial Paper
Bond Issue Amount	\$ 223,240,000	\$10,000,000	\$ 200,000,000	\$ 160,810,000	\$ 50,000,000 Quarterly
Interest Rate	6.50%	3.50%	6.00%	6.00%	5.00%
Term (Years)	30	19.5	25	25	--
Structure	Level Payment	Level Payment	Level Payment	Level Payment	--
Issue Date	8/1/2010	Various	10/1/2010	10/1/2010	--
Annual Debt Service	\$ 17,800,000	750,000	\$ 16,800,000	\$ 13,500,000	Outstanding Balance

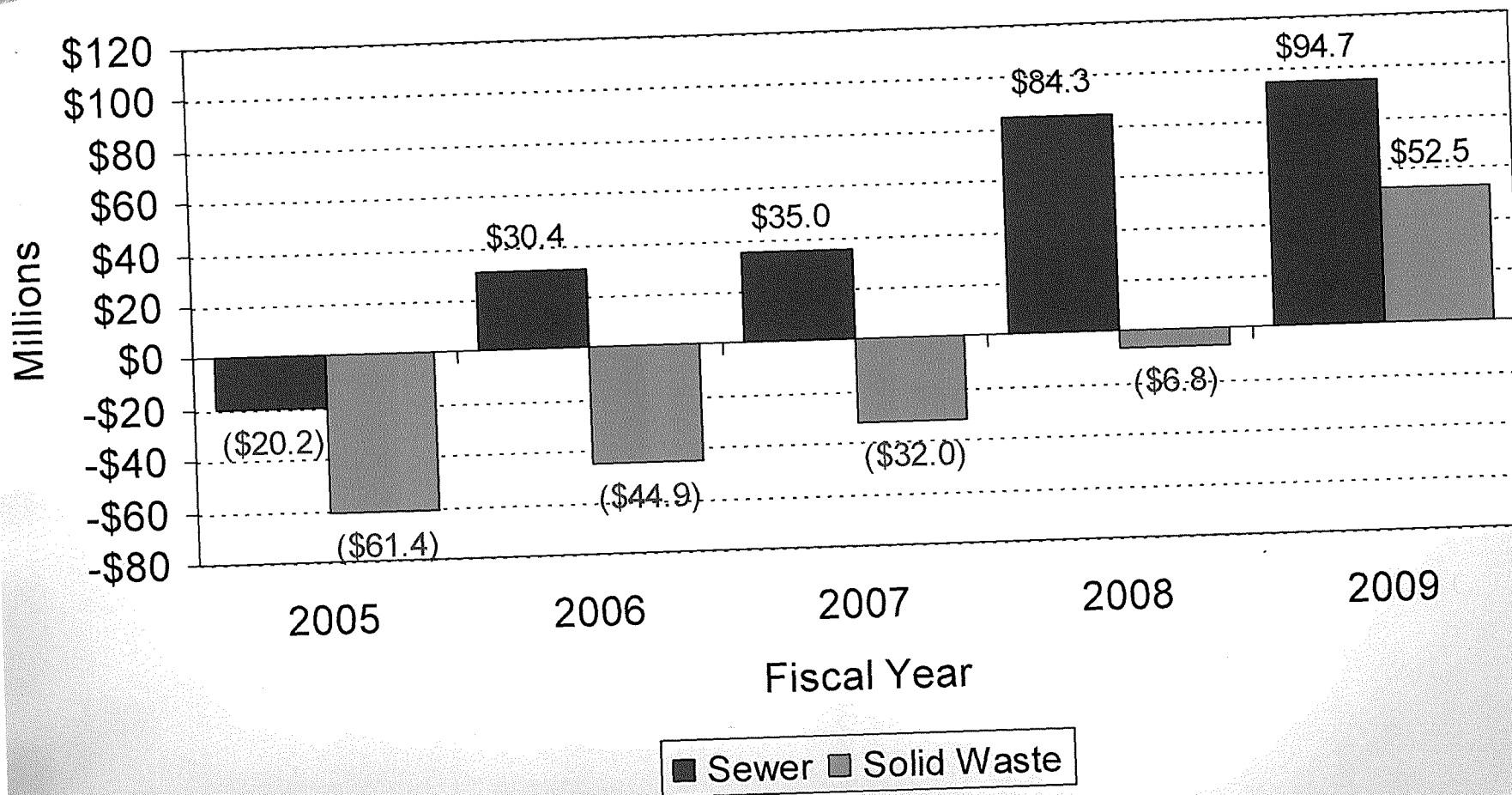
General Fund Unreserved, Undesignated Balance

(In millions)



Sewer and Solid Waste Funds Unrestricted Net Assets

(In millions)



Operating Revenue Comparison

(In millions)

SOURCE	FY 2009 Budget	FY 2009 Actual	FY 2010 Budget	FY 2010 Projected	Percent Change(1)	FY 2011 Proposed	Percent Change(2)
<u>Operating Revenue</u>							
Real Property Tax	\$ 789.3	\$ 792.2	\$ 837.3	\$ 837.3	5.7%	\$ 807.1	-3.6%
Fuel Tax	54.4	50.3	49.5	50.7	0.7%	51.1	0.8%
Motor Vehicle Weight Tax	69.7	70.6	82.2	82.7	17.1%	105.8	27.9%
Public Utility Franchise Tax	39.1	50.9	37.2	37.5	-26.4%	38.8	3.5%
Federal Grants	85.7	87.2	92.2	88.4	1.3%	93.9	6.2%
State Grants	6.3	7.6	6.1	5.5	-28.0%	5.5	0.0%
Excise Surcharge Tax - Transit	33.3	19.6	21.2	17.1	-12.6%	109.2	538.6%
Transient Accommodations Tax	48.4	41.2	43.1	38.9	-5.6%	40.9	5.1%
Public Service Company Tax	37.9	49.6	48.2	49.4	-0.3%	30.9	-37.4%
Licenses and Permits	46.6	41.8	47.5	45.0	7.7%	46.5	3.3%
Charges for Services	24.6	24.3	30.2	27.9	14.4%	30.3	8.6%
Sewer Charges	221.6	228.8	266.4	266.4	16.4%	312.0	17.1%
Bus Transportation Revenue	45.8	44.6	50.2	46.2	3.7%	50.0	8.2%
Solid Waste Revenue	77.0	100.2	95.0	91.5	-8.7%	90.5	-1.1%
Other Revenue	86.6	83.0	69.4	65.3	-21.3%	71.9	10.1%
Carry-Over	281.6	350.8	258.3	354.3	1.0%	324.3	-8.5%
Total Operating Revenue	\$ 1,948.1	\$ 2,042.8	\$ 2,034.1	\$ 2,104.1	3.0%	\$ 2,208.7	5.0%

(1) Percentage change between FY 2010 Projected and FY 2009 Actual

(2) Percentage change between FY 2011 Proposed and FY 2010 Projected

Budget Communication #3, Question 8

Uncontrollable Cost Comparison

(In millions)

SOURCE	FY 2009 Budget	FY 2009 Actual	FY 2010 Budget	FY 2010 Projected	Percent Change(1)	FY 2011 Proposed	Percent Change(2)
<u>Operating Expenditures</u>							
Executive Agency Budgets	\$ 1,160.2	\$ 1,109.3	\$ 1,205.0	\$ 1,179.5	3.9%	\$ 1,207.6	0.2%
Debt Service	312.6	296.0	333.6	304.4	6.7%	335.3	0.5%
Retirement Sys. Contributions	91.0	89.2	95.9	95.9	5.4%	97.5	1.7%
FICA and Pension Costs	24.5	24.1	26.2	26.2	7.0%	26.5	1.4%
Health Benefit Contributions	82.1	78.6	102.3	96.6	24.6%	109.6	7.1%
Miscellaneous	137.6	69.3	42.2	39.6	-69.3%	50.2	18.8%
Total Operating Expend.	\$ 1,807.9	\$ 1,666.4	\$ 1,805.2	\$ 1,742.2	-0.2%	\$ 1,826.7	1.2%

- (1) Percentage change between FY 2010 Budget and FY 2009 Budget
 (2) Percentage change between FY 2011 Proposed and FY 2010 Budget